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Programme planning

Priority-setting

Report of the Secretary-General**

Summary

The present report is submitted in compliance with paragraph 3 of General Assembly resolution 58/268 of 23 December 2003 on programme planning, by which the Assembly reaffirmed the relevant paragraphs of its resolution 55/231 of 23 December 2000 on results-based budgeting and requested the Secretary-General to submit to the Assembly at its fifty-ninth session, through the Committee for Programme and Coordination, a report on priority-setting.

The report describes the experience with priority-setting since the introduction of programme planning and budgeting in 1974. It gives a brief historical background on matters related to the implementation of priority-setting, particularly in the context of the structure of planning and budgeting documents, and discusses issues of definition, criteria used for designating priorities, political considerations, governance mechanisms, level of activity, unforeseen events and limited resources. By way of illustration of some of the issues addressed, the designation of priorities for the medium-term plan for the periods 1998-2001 and 2002-2005 and for the related parts of the programme budget appears in annex I. An extract on priority-setting from the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, Monitoring of Implementation and Methods of Evaluation appears in annex II.

The fundamental problem is not so much how to implement the designation of priorities, but rather how actually to identify, agree upon and designate priorities.

* A/59/50 and Corr.1.

** The submission of the present document was delayed owing to the need for extensive internal consultations.

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I. Historical background

1. The basis for priority-setting in the United Nations emanates from Economic and Social Council resolution 2008 (LX) of 14 May 1978. In paragraph 2 (a) (ii) of the annex to that resolution, the Council entrusted the Committee for Programme and Coordination (CPC), as the main subsidiary organ of the Council and the General Assembly for planning, programming and coordination, with the task of recommending an order of priorities among United Nations programmes as defined in the medium-term plan.

2. Planning and programme budgeting was first introduced in 1974. The medium-term plan was an attempt to provide a framework within which Member States could review the work of the Organization as a whole and the Secretary-General could prepare his biennial programme budgets on the basis of guidance provided by the General Assembly. In this connection, it is recalled that all medium-term plans, from 1974 to 1991, included estimates of resource requirements. This practice was discontinued following Assembly resolution 41/213 of 19 December 1986, by which a new budgetary procedure was established with the introduction of the budget outline that required approval by the Assembly one year before the approval of the Secretary-General's proposed programme budget. The first plan to exclude estimated resource requirements was for the period 1992-1997.

3. In the early years of programme planning, CPC assigned ratings to programmes, namely, "well below average", "below average", "above average" and "well above average", which then guided the allocation of resources in the programme budgets. However, the criteria for determining the rates applicable to each programme or major programme were not clearly defined. It was also recognized that there was not necessarily a relationship between the priority of activities and the volume of resources required to conduct them and that some high-priority activities might require fewer resources than some activities of lower priority. At the same time, CPC affirmed that the practical purpose of establishing priorities was to indicate which activities should have first claim on resources and which activities could, with intergovernmental agreement, be curtailed or terminated in the event that high-priority activities needed to have more resources transferred to them.

4. Following the recommendations of CPC on new criteria and methods to be employed for setting programme priorities, the General Assembly, in its resolution 36/228 of 18 December 1981 on programme planning, decided that the principal purpose of establishing priorities among programmes that form an integral part of the general planning and management process was to rationalize and order the activities to be undertaken and provide a guide for the preparation of the programme budget, and that such order of priority should be based principally on:

(a) The importance of the objective to Member States;

(b) The capacity of the Organization to achieve it;

(c) The real effectiveness and usefulness of the results.

5. The criteria for priority-setting were incorporated into the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, which the General Assembly adopted by its resolution 37/234 of 21 December 1982. Overall priorities

were reflected in the introduction to the medium-term plan and also designated at the subprogramme level in the plan. Within the programme budget, priorities were also designated at the level of programme elements (which were subdivisions of subprogrammes). The Advisory Committee on Administrative and Budgetary Questions, in its consideration of the proposed programme budget for 1984-1985, reviewed the procedure for setting priorities and noted that resource allocations were determined by estimating resources necessary to deliver a particular planned output, and that the priority designation did not imply that high-priority activities received quantitatively more resources than low-priority activities but that they had a first call on the available resources.[1]

6. In 1986, the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations recommended that in order to facilitate agreement among Member States on the content and level of the budget, the existing rules and regulations pertaining to the setting of priorities should be strictly applied by the intergovernmental bodies concerned and by the Secretariat. In its resolution 41/213 on review of the efficiency of the administrative and financial functioning of the United Nations, the General Assembly endorsed the recommendations of the Group and reaffirmed the need to improve the planning, programming and budgeting process. In the same resolution, the Assembly also approved a new programme budget process. One of the elements of the new process was the submission by the Secretary-General, in off-budget years, of an outline of the proposed programme budget for the following biennium, containing, as laid down in annex I, paragraph 1 (b) to that resolution, an indication of priorities, reflecting general trends of a broad sectoral nature.

7. In compliance with that requirement, the Secretary-General submitted his first programme budget outline for the biennium 1990-1991 to the General Assembly at its forty-third session in 1988, through CPC and the Advisory Committee on Administrative and Budgetary Questions (A/43/524). The Secretary-General indicated that, for historical reasons, intergovernmental decisions on priority-setting had yet to be taken in regard to the subprogrammes of the medium-term plans and therefore the most practical approach to indicating priorities reflecting general trends of a broad sectoral nature in the outline was deemed to be at the level of the "parts" of the programme budget (not at the level of programmes or of subprogrammes). CPC, at its twenty-eighth session, engaged in extensive consultations on the subject of priorities and expressed the view that the distribution of resources among the various parts of the budget did not represent the establishment of priorities among the various activities of the Organization. It requested the Secretary-General to present a report on the approach, particularly the methodological aspects to be adopted, for identifying priorities reflecting general trends of a broad sectoral nature in future programme budget outlines.

8. In his report on all aspects of priority-setting in future outlines of the proposed programme budget (A/44/272*), submitted to the General Assembly at its forty-fourth session in 1989, through CPC and the Advisory Committee, the Secretary-General suggested that the point of departure for the establishment of priorities reflecting general trends of a broad sectoral nature should be the medium-term plan and its revisions. Criteria for priority-setting were proposed at the level of the medium-term plan (programme, subprogramme); the level of the budget outline (same as medium-term plan, or its latest revision, recent General Assembly or Economic and Social Council resolutions indicating new directions in priorities, and

general trends of a broad sectoral nature); and at the level of the programme budget (subprogramme, programme elements and outputs).

9. CPC, at its twenty-ninth session, could not reach agreement. The programme budget for the biennium 1990-1991, submitted that same year to the General Assembly at its forty-fourth session through CPC, did not designate priorities at the programme or the subprogramme levels. The list of programme elements with high and low priority was provided in the annex to the introduction of the programme budget. The Assembly, in its resolution 44/194 of 21 December 1989, requested CPC to continue its consideration of priority-setting, including the relationship between priorities and extrabudgetary resources.

10. Following its review in 1990 of the proposed medium-term plan for the period 1992-1997, which was the first plan to exclude estimated resource requirements, CPC, at its thirtieth session, recommended that only the term "high priority" be used for subprogrammes throughout the medium-term plan instead of "priority" or "highest priority" and recommended that "low priority" or "lowest priority" designations be deleted.

11. Programme elements were eliminated from the programme budget for the biennium 1992-1993. Priorities were designated at the subprogramme level and also at the activities/outputs level. When considering the proposed programme budget for 1994-1995, CPC, at its thirty-third session, questioned the usefulness of designating high or low priorities at the level of output or activity, representing 10 per cent of the resources and recommended that it be discontinued. Up to that point, the application of the designation of priorities, once a decision was taken by the General Assembly, was very much dependent upon the structure of the medium-term plan and the programme budget (programmes, subprogrammes, programme elements, outputs). At the same time, there was little or no congruence between the plan and the sections of the budget. The plan addressed issues according to the different sectors. The budget was presented by organizational structure.

12. With respect to the actual designation of priorities and the consequent allocation of resources, the linkage between the plan (covering a four-year period and structured according to sectors) and the two-year budget (each section representing a department) was also not always clear. Because of the different time frames, there was also a disconnection between the plan and the resources proposed for the two-year programme budgets. Decisions on priorities, at the level of the medium-term plan, were made by the General Assembly, upon recommendation of CPC, in isolation from decisions on the level of resources. To address part of this problem, congruence between the programmatic and organizational structures of the Secretariat was proposed in order to foster a better link between the plan and the programme budget. Such congruence would also enhance accountability by ensuring that responsibility would clearly be identified for the delivery of a programme and for achieving the intended results. However, the plan continued to cover a four-year period, while the programme budget covered a two-year period.

13. A new structure of the medium-term plan for the period 1998-2001 was adopted by the General Assembly in its resolution 51/219 of 18 December 1996, which showed congruence with the programme budget. Under that structure, there would no longer be major programmes; the programme would correspond to a department or office and the subprogramme would encompass responsibilities entrusted to an organizational unit, normally at the division level. With the new

format, it was considered not feasible to designate priorities among subprogrammes, for example, on the one hand, between Sustainable development and, on the other hand, Population (subprogrammes 4 and 6, respectively, of the Economic and social affairs programme), particularly since many subprogrammes were, as a rule, governed by separate functional or sectoral bodies. The designation of priorities among subprogrammes within a programme could not therefore be achieved in the absence of overall direction from a single functional or sectoral body. Priorities therefore were no longer designated by the Assembly at the programme or subprogramme levels nor were they directly linked to a specific budget section. Priorities, instead, reflected general trends of a broad sectoral nature within the medium-term plan (see annex I).

14. The General Assembly continued to stress the importance of priority-setting as an integral part of the planning, programming and budgeting process and requested the Secretary-General to present to CPC at its thirty-eighth session recommendations on priority-setting, including at the subprogramme level, within the medium-term plan for the period 1998-2001. The Secretary-General, in his report on priority-setting within the medium-term plan (A/53/134), recalled the Regulations and Rules Governing Programme Planning and the new dimension in priority-setting introduced by the Assembly in its resolution 41/213, namely, the designation of priorities reflecting general trends of a broad sectoral nature. The Secretary-General noted that the priorities established at two different stages, namely, at the time of adoption of the four-year medium-term plan (which does not deal with resources) and adoption of the budget outline (which does deal with resources), might appear redundant or might give rise to the provision of ambiguous guidance to the Secretary-General.

15. Whether designation of priorities should be at the level of the plan or only at the stage of the budget outline, priority-setting at the subprogramme level would not appear to be feasible or meaningful, as discussed above. The issue, then, was whether the priority should be set in the plan or in the outline. The Secretary-General, in his above-mentioned report, expressed the view that it would appear that the outline may be the better vehicle of the two, since the outline, unlike the plan, dealt with resources. It was also pointed out that the outline covered a shorter time frame and was prepared within months before the preparation of a proposed programme budget. The plan, on the other hand, covered a four-year period and needed a relatively long lead time for its preparation, at least a year before its submission to the General Assembly for adoption. This meant that it was not always possible in the plan to take into account the latest legislative developments that may have had a bearing on priorities for the allocation of resources for the biennial programme budget.

16. The General Assembly, however, on the recommendation of CPC, in its resolution 53/207 of 18 December 1998, decided that priorities should continue to be established in the medium-term plan and that the priorities contained in the budget outline should be in conformity with the priorities in the medium-term plan. Subsequently, the priorities reflected in the budget outlines for the bienniums 2002-2003 and 2004-2005 were identical to those in the medium-term plan for the period 2002-2005. In this connection, it is noted that the designation of priorities for the medium-term plan period 2002-2005 was the same as that for the period 1998-2001. It is also noted that almost all of the substantive programmes of the Organization

fell within the eight priorities that were designated for the medium-term plan for those two periods.

17. With the introduction of the new format to the plan for the period 1998-2001 and related biennial programme budgets, followed by additional modifications primarily in terms of the inclusion of a logical framework for the articulation of objectives, expected accomplishments and indicators of achievement, in compliance with the introduction of results-based budgeting, the Regulations and Rules Governing Programme Planning were also revised (ST/SGB/2000/8 of 19 April 2000). The specific Regulations and Rules concerning the question of priorities remained largely unchanged (see annex II).

18. In an attempt to improve the process of planning and budgeting, the Secretary-General, as part of his reform programme for strengthening the United Nations, proposed that the four-year plan be replaced by a two-year strategic framework comprising two parts, one part consisting of a two-year plan and the other part consisting of a budget outline (see A/58/395 and A/58/600). The intention was to link the plan clearly with resource allocation for decision-making by the General Assembly prior to preparation by the Secretary-General of the biennial programme budget.

19. The General Assembly, however, in its resolution 58/269 of 22 December 2003 on strengthening of the United Nations: an agenda for further change, requested the Secretary-General to prepare, on a trial basis, a two-year strategic framework, comprising part one, a plan outline reflecting the longer-term objectives of the Organization, and part two, a biennial programme plan, to replace the current four-year plan which is to end in 2005. The strategic framework for the period 2006-2007, to be submitted to the Assembly at its fifty-ninth session, through CPC, would contain the Secretary-General's proposed designation of priorities.

20. The General Assembly also decided that the budget outline should be submitted and considered for approval after consideration and adoption of the strategic framework. Given the period covered, namely two years, the priorities designated for the strategic framework to be recommended by CPC for approval by the Assembly would therefore also apply to the budget outline and, subsequently, to the programme budget for the biennium 2006-2007.

21. As discussed above, the application of priority-setting has been linked over the years to the structure of the medium-term plan and the programme budget, namely, at the level of programme (equivalent either to a sector or an organizational entity), subprogramme (equivalent to a sector or subdivisions of a sector), programme elements (subdivisions of a subprogramme) and outputs. Priority-setting in the budget outline has been applied according to "parts" of the budget, i.e. at a highly aggregated level, not by programme or by individual sections of the programme budget (see annex I).

22. Priority-setting, once established, can be implemented with relative ease. The actual designation of priorities, however, is a much more complicated matter than its linkage to the structure of planning and budget documents.

II. Issues related to the designation of priorities

23. The difficulties that have been encountered over the years with the actual designation of priorities were related to definitional issues, political considerations, governance mechanisms, level of activity, unforeseen events and limited resources which limited the capacity of the Organization to deliver.

24. The word "priority" has been applied to:

(a) That to which most importance is attached (e.g. economic and social development);

(b) That which is the most urgent (e.g. conflict prevention);

(c) That which is to receive most attention (e.g. preparations for an international conference);

(d) That which receives the largest amount of resources;

(e) That which receives the largest growth rate.

25. To say that priority programmes and subprogrammes are those which receive or ought to receive the largest amount of resources ignores the fact that a more costly programme does not necessarily make it more important than a programme that costs less for implementation. For example, the fact that the sustainable development subprogramme has more resources than the social policy and development subprogramme does not mean that Member States regard the latter to be less significant than the former. Or the fact that training activities may cost more than research activities does not mean that the former has a higher priority than the latter. Nor does the establishment of an order of priorities mean that the lowest priority programme would be entirely eliminated should there be a reduction in available resources. It may mean, though, that reductions in resources, absolute or proportionate, for the programmes that are not accorded a priority designation would be larger than those that have been designated high priority.

26. Furthermore, the fact that one subprogramme may receive fewer resources than it has in the past may reflect a consistent pattern of under-expenditures or the application of more efficient technology or a modification to its work plan and therefore a reduction in its resources was deemed appropriate to represent actual resource requirements better, not that the subject matter has become lower priority. Moreover, the fact that resources have been reduced for a subprogramme following the conclusion of a major event may reflect the completion of certain activities, not that the subject matter has been designated a lower priority. Similarly, the increase of resources for a subprogramme may be due to an increased level of activity, for example the scheduling of a major event or the introduction of new mandates, rather than the priority designated. The determination of the level of funding therefore would depend on more efficient management and utilization of resources and/or on the level of activity required within a biennium for implementing the programme.

27. The basis for priority-setting, namely, (a) the importance of the objective to Member States, (b) the Organization's capacity to achieve it and (c) the real effectiveness and usefulness of the results, has been difficult to apply. With regard to the first point, some objectives are important to some Member States, while other objectives are important to other Member States. Furthermore, some Member States consider that the designation of priorities should not be limited to new challenges

and they should not be so designated at the expense of addressing continuing persistent problems. The decision about what constitutes the importance of an objective is essentially a political act, which must be resolved in the negotiating process between Member States. In this connection, it is noted that the decisions taken have usually resulted in priorities being designated for a wide range of issues covering almost every substantive programme.

28. The second point raises another difficulty. If the Organization's capacity to achieve a certain objective is judged to be low, the activity is presumed to be assigned low priority. The designation of low priority, in turn, will assume that the Organization will not be able to improve its capacity to achieve the objective, which will lower even further the priority of the activity. The third point, the real effectiveness and usefulness of the results, is dependent upon the timely availability and consideration of findings of the reports on programme performance and evaluation.

29. There is no guidance on a hierarchy between the above-mentioned three fundamental issues or how a conflict between them should be resolved, nor is there guidance on whether they should all be equally applicable at every level of the medium-term plan. If the Organization has difficulty with deciding on the designation of priorities, it has even more difficulty with determining the order of priorities. There has therefore never been a gradation of priority-setting. Nor would it appear likely, since decisions on priorities and on the level of the budgets of the United Nations have to be reached by consensus. The designation of eight unchanging priorities in the medium-term plans for the periods 1998-2001 and 2002-2005, covering nearly all substantive programmes, clearly reflected the difficulty with selection, and an inability to determine the order, of priorities.

30. The Regulations and Rules Governing Programme Planning require consultations with sectoral, functional and regional intergovernmental bodies, but the complexity of the calendar of meetings does not always accommodate the scheduling requirements for the preparation of the medium-term plan, revisions thereto and the programme budget. Furthermore, few of those bodies, or even central reviewing bodies, make sufficient use of programme performance reports or evaluation reports as guides to priority-setting, partly because of the time lag between the issuance of those reports and the review of the next proposed programme budget and partly because the recommended improvements generally have been related to implementation issues rather than to planning or budgetary issues.

31. In the past, when the structure of the medium-term plan was different from the current structure, specialized intergovernmental bodies were involved in determining priorities between what were designated as subprogrammes. For instance, the Statistical Commission might decide that for the statistics rogramme, high priority would be designated for three of its five subprogrammes, namely eveloping statistical concepts and methods for use by Member States (subprogramme 1); coordinating international statistical programmes (subprogramme 4); and support for technical cooperation on statistics and statistical data processing (subprogramme 5); but not for applying advanced technology in collecting, processing and disseminating integrated statistics (subprogramme 2); or for collecting, compiling and disseminating international statistics (subprogramme 3). It is noted that the resources allocated during the

1992-1993 period to subprogramme 3 (not designated high priority) had a higher percentage of resources than subprogrammes 4 and 5 (high priority) combined. This clearly reaffirms the notion that priority designation did not necessarily imply that high priority activities received quantitatively more resources than lower-priority activities.

32. Currently, under the present structure of the plan, statistics is a subprogramme, with no further subdivisions, within the Economic and social affairs programme. It would not be feasible therefore for a sectoral body like the Statistical Commission to designate the statistics subprogramme as high priority, or similarly, for the Commission on Population and Development to designate the population subprogramme as high priority within the Economic and social affairs programme. As mentioned above, the designation of priorities for individual subprogrammes within some existing programmes cannot reasonably be achieved in the absence of overall direction from a single functional or sectoral body for the whole programme. Even with a single functional or sectoral body overseeing a programme, e.g., the Commission on Human Rights, it may not be reasonable to expect it to designate priorities among the subprogrammes within the human rights programme, given the political dimensions of that area of work and the current structure of subprogrammes. As a result of the modifications to the structure of the medium-term plan, the designation of priorities has now been concentrated in CPC and the Fifth Committee.

33. With respect to governance mechanisms available for applying priorities to resource allocation, the specialized intergovernmental bodies or other subsidiary bodies of the General Assembly do not normally discuss resource requirements of the respective programmes under their sphere of competence. Their focus is on substantive issues, such as demographic trends, or levels of fertility, or international migration. Any discussion of resources has generally been regarded as inappropriate. Here again, there is a disconnection between planning and resource allocation. The Assembly, in its resolution 45/248 of 21 December 1990, further reinforced this disconnection by reaffirming that the Fifth Committee of the Assembly is the appropriate Main Committee of the Assembly entrusted with responsibilities for administrative and budgetary matters. The Assembly, furthermore, expressed its concern at the tendency of its substantive Committees and other intergovernmental bodies to involve themselves in administrative and budgetary matters.

34. During the course of a biennium, priorities in terms of resource allocation for the regular budget do not usually change and adjustments are not made when, for example, unforeseen events occur, such as those related to special political missions which may constitute an emergency or which require urgent or immediate attention. The question of "urgency" or "emergency" is not linked to priorities already designated. Procedures are in place for dealing with unforeseen and extraordinary expenses and the allocation of resources for such events do not deprive resources for priority designations or even for programmes that are not designated a priority. Similarly, the need to meet additional resource requirements for under-funded activities, for example security and safety, is met without affecting priority designations. Moreover, new or additional activities requested by Member States, after the adoption of the programme budget, have no effect on priority designations. Procedures are also in place for additional appropriation.

35. While the foregoing discussion has focused primarily on the regular budget, there are other activities to which "most importance" is attached or which are to receive "most attention", namely, peacekeeping operations and the tribunals, the budgets for which are assessed separately. Their budgets do not necessarily have a direct impact on priorities designated for the regular budget, but could have an impact on decision-making on the level of resources for the regular budget in the context of what Member States can bear with respect to the assessed contributions for all United Nations budgets. In other words, decisions on the level of the regular budget can sometimes be affected by the size of the budgets for peacekeeping operations and tribunals. If the decision is to have a lower level of resources for the regular budget because of the increased needs of peacekeeping or tribunal budgets, then the designation of priorities for the regular budget becomes even more crucial when resources become scarce. In such a case, the Secretary-General would require direction from Member States for determining which programme would have first call on the limited resources.

36. There is also the question of extrabudgetary resources. Within the programme budget of the United Nations, there are a number of sectors which have been designated priority but for which the regular budget portion of resources is relatively small compared to the voluntary contributions (United Nations Environment Programme, UN-HABITAT, United Nations Drug Control Programme, United Nations High Commissioner for Refugees, United Nations Relief and Works Agency for Palestine Refugees in the Near East, Office for the Coordination of Humanitarian Affairs). Whether or not priority issues should be funded largely from voluntary contributions is also a political issue.

37. Another issue to bear in mind is the fact that there are a number of non-discretionary activities for which the designation of priorities would not be meaningful. Conference services must be available to support Charter organs, services for emergency situations and crises affecting international cooperation must be provided, security and safety must be effective, buildings and facilities must be maintained. These are all primarily support services and they have never been designated a priority, yet the level of resources can be increased because of, for example, the level and scope of substantive activities to be supported.

III. Conclusions and recommendations

38. **The system for priority-setting, as a guide for focusing on issues that Member States considered as requiring specific attention and for allocating resources, has been addressed by CPC, the Advisory Committee on Administrative and Budgetary Questions and the General Assembly on numerous occasions since the introduction of programme planning in 1974. The difficulties encountered were related to the structure of planning and budget documents as well as to questions of definition, criteria used for designating priorities, political considerations, governance mechanisms, level of activity, unforeseen events and limited resources. While different criteria have been applied over the years, the fundamental problem was not how to implement the designated priorities, but how actually to identify, agree upon and designate priorities. The designation of priorities is basically a political one.**

39. While the designation of priorities is intended to guide the allocation of budgetary and extrabudgetary resources, the link between priorities and the level of resources is not always obvious. As discussed above, the programme budget, presented at a more detailed level than the budget outline, may show, for instance, an increase in resources for a subprogramme resulting from the full provision for new posts that were approved and partially funded in the previous biennium, not because that particular programme or subprogramme was being accorded a higher priority. In other cases, there may be net reductions for a programme or subprogramme within a high priority designation because of one-time costs in the previous biennium. Other factors affecting the level of resources for programmes include currency and inflation fluctuations. These are technical budgetary issues which have nothing to do with priority-setting for programmes, but could affect relative resource allocations.

40. At the level of the programme budget therefore the determination of whether or not priorities established by Member States have been adequately reflected requires careful scrutiny and analysis. There have been occasions when Member States have questioned the perceived non-compliance by the Secretary-General with priorities when in fact, as mentioned above, the reason for increasing or reducing resources has nothing to do with the question of priority-setting between programmes or subprogrammes. It was for this reason that the Secretary-General proposed, in his reports on improvements to the current process of planning and budgeting (A/58/395 and A/58/600) that the budget outline be expanded to include additional information to distinguish changes owing to technical factors from those owing to level of activity or programme priorities. However, the General Assembly, in its resolution 58/269, decided that the budget outline should continue to provide the same level of detail as at present. Whether or not more information is provided, this only addresses the implementation of priority designation, not the actual designation of priority.

41. Despite the difficulties encountered, the Secretary-General has nevertheless implemented the designation of priorities for the regular budget: (a) once established by the General Assembly, in the allocation of resources in the context of the budget outline, at a highly aggregated level; and (b) once the decision is taken by the Assembly on the level of the outline, in the context of resource proposals for each budget section, taking due account of the priorities, level of activity and other budgetary factors.

42. Intergovernmental consensus at the macrolevel, i.e., general trends of a broad sectoral nature, can be more readily reached than at the microlevel, i.e., at the output level, given the magnitude and scope of the products and services delivered. Indeed, at the microlevel, decision-making rests with those who are responsible for implementing work programmes in accordance with legislative mandates. They are closer to the delivery of outputs and therefore are better able to prioritize in order to ensure that the expected accomplishments are attained in the most efficient and effective manner.

43. The exact linkage between the designation of priorities and level of resources has been an elusive one, for the reasons discussed above. Nevertheless, in an environment of limited budgetary resources, decisions on

the appropriate level of resources for each programme must be made, irrespective of technical adjustments. The General Assembly, taking into account its recommendations in its resolution 58/269 and bearing in mind the most recent changes to the planning and budgeting process, may wish to decide on the following:

(a) Priorities, reflecting general trends of a broad sectoral nature, will continue to be established for the strategic framework, on the recommendation of the Committee for Programme and Coordination;

(b) The priorities contained in the budget outline will be in conformity with the priorities in the strategic framework;

(c) The strategic framework and the budget outline, once approved, will serve as the basis for the Secretary-General's proposed programme budget.

Notes

[1] See *Official Records of the General Assembly, Thirty-eighth Session, Supplement No. 7* (A/38/7).

Annex I

Priorities for the medium-term plan and related parts of the programme budget for the periods 1998-2001 and 2002-2005

Designated priorities	*Parts of the programme budget*	
Not designated	Part I	Overall policy-making, direction and coordination
Maintenance of international peace and security	Part II	Political affairs
Disarmament		
Promotion of justice and international law	Part III	International law and justice
Promotion of sustained economic growth and sustainable development in accordance with the relevant resolutions of the General Assembly and recent United Nations conferences	Part IV	International cooperation for development
Development of Africa		
Drug control, crime prevention, as well as combating international terrorism in all its forms and manifestations		
Promotion of sustained economic growth and sustainable development in accordance with the relevant resolutions of the General Assembly and recent United Nations conferences	Part V	Regional cooperation for development
Development of Africa		
Promotion of human rights	Part VI	Human rights and humanitarian affairs
Effective coordination of humanitarian assistance efforts		
Not designated	Part VII	Public information
Not designated	Part VIII	Common support services
Not designated	Part IX	Internal oversight
Not designated	Part X	Jointly financed administrative activities and special expenses
Not designated	Part XI	Capital expenditures (not included in the plan)
Not designated	Part XII	Staff assessment (not included in the plan)
Not designated	Part XIII	Development account (not included as a separate programme in the plan)

Annex II

Priority-setting

(Extracts from the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (ST/SGB/2000/8))

(a) The outline of the programme budget shall contain an indication of priorities, reflecting general trends of a broad sectoral nature [see regulation 3.2];

(b) The medium-term plan shall clearly reflect Member States' priorities as set out in legislation adopted by functional and regional intergovernmental bodies within their spheres of competence and by the General Assembly, on advice from the Committee for Programme and Coordination [see regulation 4.2];

(c) The medium-term plan shall contain the Secretary-General's proposals on priorities [see regulation 4.6];

(d) The establishment of priorities among both substantive programmes and common services shall form an integral part of the general planning and management process without prejudice to arrangements and procedures now in force or to the specific character of servicing activities. Such priorities shall be based on the importance of the objective to Member States, the Organization's capacity to achieve it and the real effectiveness and usefulness of the results [see regulation 4.14];

(e) Specialized intergovernmental and expert bodies, when reviewing the relevant programmes of the medium-term plan within their sphere of competence, shall refrain from establishing priorities that are not consistent with the overall priorities established in the medium-term plan [see regulation 4.15];

(f) The priorities, as determined by the General Assembly, established in the medium-term plan shall guide the allocation of budgetary and extrabudgetary resources in the subsequent programme budgets. After the medium-term plan has been adopted by the Assembly, the Secretary-General shall bring the decisions on priorities to the attention of Member States and the governing boards of the voluntary funds [see regulation 4.16].